

Business Intelligence Strategy Pitch





Our Client

Toronto Hydro Corporation

Toronto Hydro is a major electricity distribution company in Canada, serving approximately 793,000 customers in the City of Toronto.

- Two subsidiaries: Toronto Hydro-Electric System Limited and Toronto Hydro Energy Services Inc.
- The utility distributes about 18% of the electricity consumed in Ontario.
- committed to delivering excellent customer service, providing a safe and reliable supply of electricity, and delivering long-term value to the City of Toronto

Business Problem

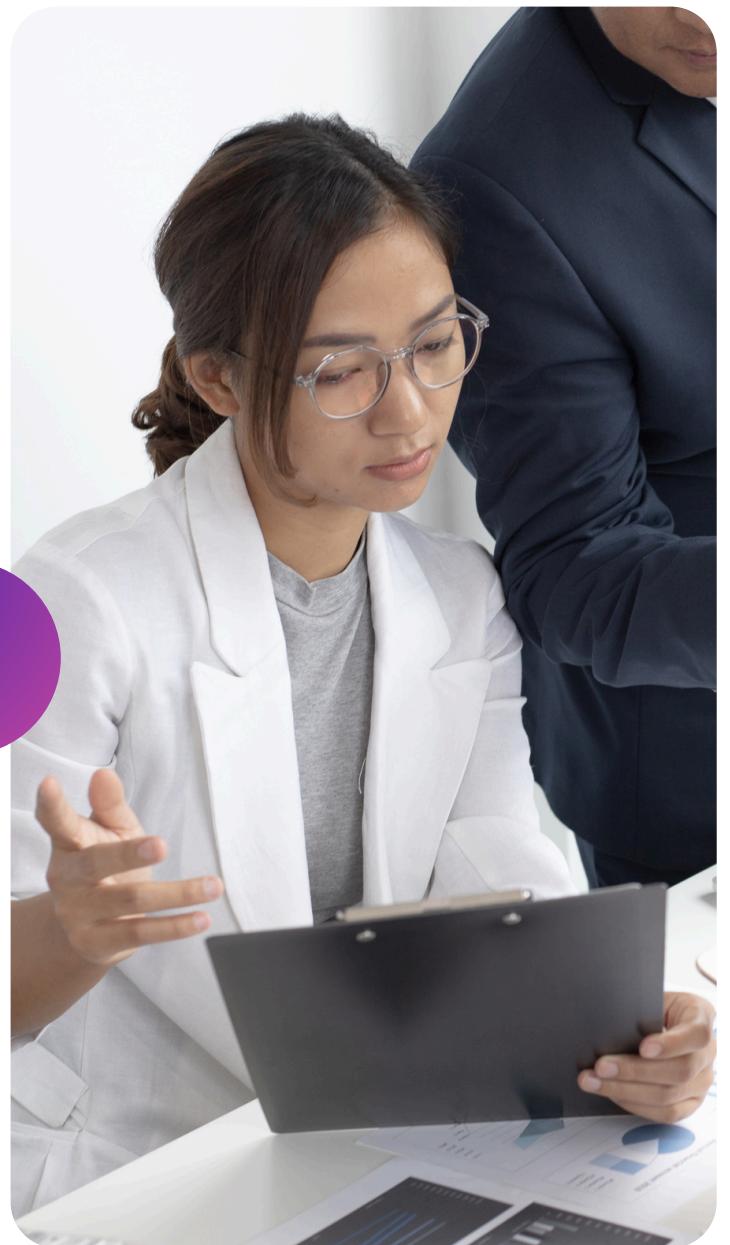
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Ontario Energy Board Performance Scorecards

- The **electricity utility scorecards** measure how well Ontario's electricity utilities are performing each year.
- It is designed to encourage utilities to operate effectively, continually seek ways to improve productivity and focus on improvements that their customers value.
- Utilities are required to report their scorecard performance results annually, and make the results available to the public.
- **Toronto Hydro** wants to **improve performance** in key performance categories (Service Quality, Customer Satisfaction, Safety, Cost control, system reliability and Financial performance), to meet EOB regulatory requirements, better serve customers and improve efficiency.
- **Data Source: Ontario Energy Board; Electricity Distributor Performance Scorecards (2013 to 2019)**

The electricity distributor scorecards measure how well Ontario's electricity distributors are performing each year. It is designed to encourage electricity distributors to operate effectively, continually seek ways to improve productivity, and focus on improvements that their customers value





Strategy Development

Smart Objectives

- Improve the **percentage of telephone calls answered on time** to **85% in one year**.
- Reduce the **number of hours power is interrupted** per customer by **10 percent (0.65 hours) in 1 year**.
- Reduce the **cost per customer** by **15% over the next 3 years**.
- Achieve 100% of the **regulated profitability** benchmark in **2 years**.
- Reduce the **number of general public incidents** by **half in 2 years**.

Strategy Development

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KEY PERFORMANCE INDICATORS

**telephone calls
answered on time**

During regular call centre hours, the utility's call centre staff must answer within 30 seconds of receiving the call directly or having the call transferred to them, **65 % of the time**

**Power outage
hours**

The utility must track the average length of time, in hours, that its customers have experienced a power outage over the past year.

cost per customer

Total cost is a sum of all the costs incurred by the utility to provide service to its customers. The amount is then divided by the utility's total number of customers

Strategy Development

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KEY PERFORMANCE INDICATORS

regulated profitability

This metric compares Toronto Hydro's achieved regulated return on equity (profachieved) against the board-approved benchmark (profdeemed). It evaluates the utility's financial performance relative to regulatory expectations, highlighting efficiency and profitability.

general public incidents

The number of incidents involving the general public, such as safety-related events, reported annually. It evaluates the utility's effectiveness in maintaining public safety and adherence to safety standards.

ANALYSE
AND
VISUALIZE



The business intelligence charts that follow illustrate how we established the targets above for Toronto Hydro's marketing and compliance team. These targets were derived through a combination of **KPI historical trend analyses, industry benchmarking, and feasible forecasting**.

This approach ensures that the targets are **Specific, Measurable, Achievable, Relevant, and Time-bound (SMART)**, providing a solid foundation for strategic planning and performance evaluation.

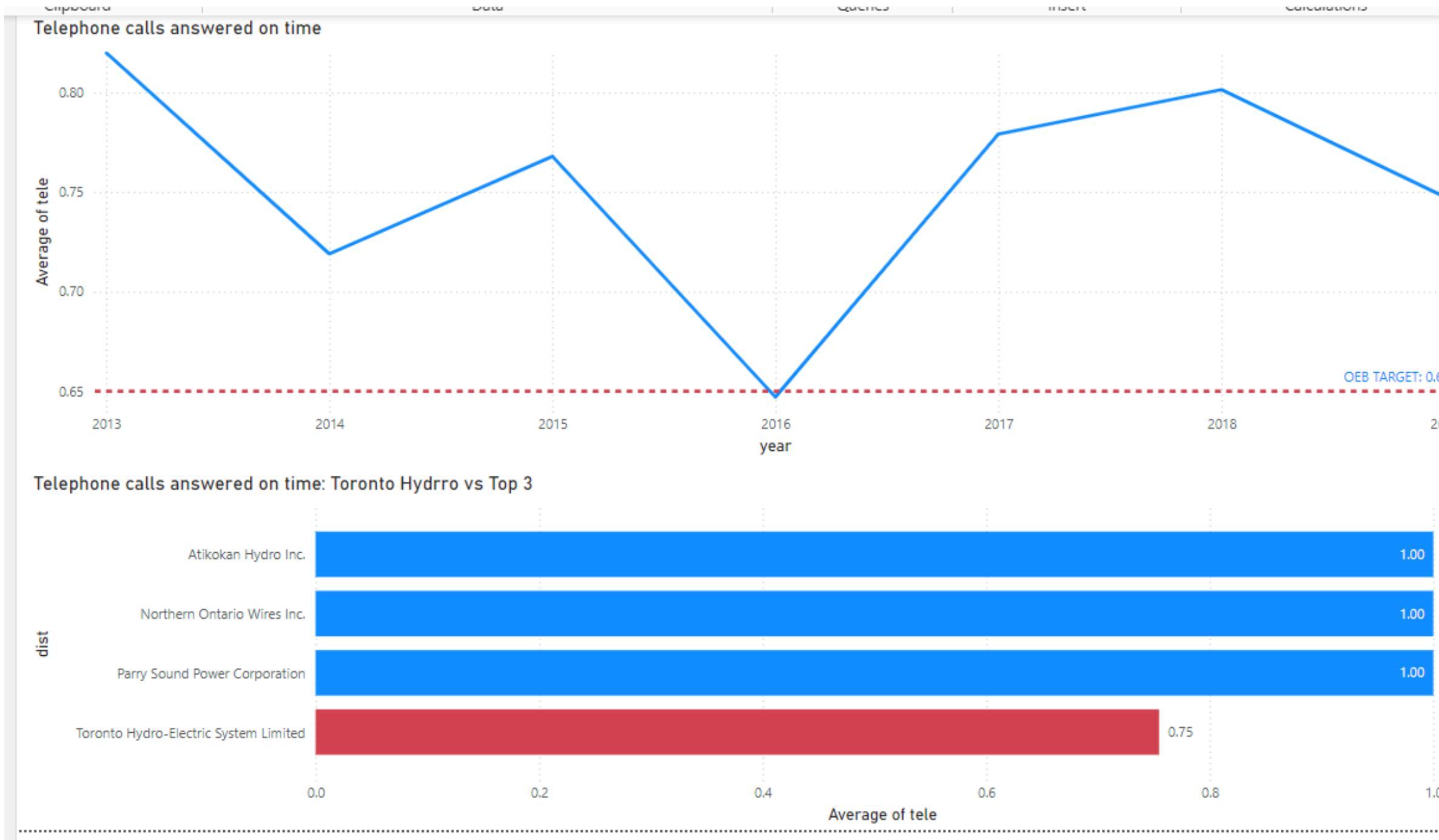


KPI

Telephone calls answered on time



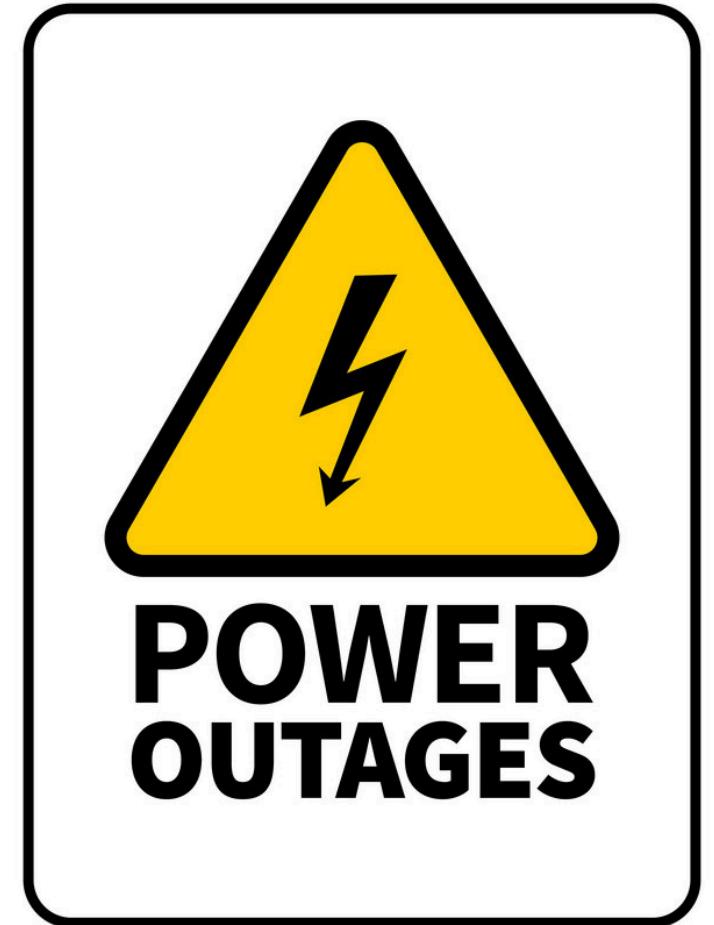
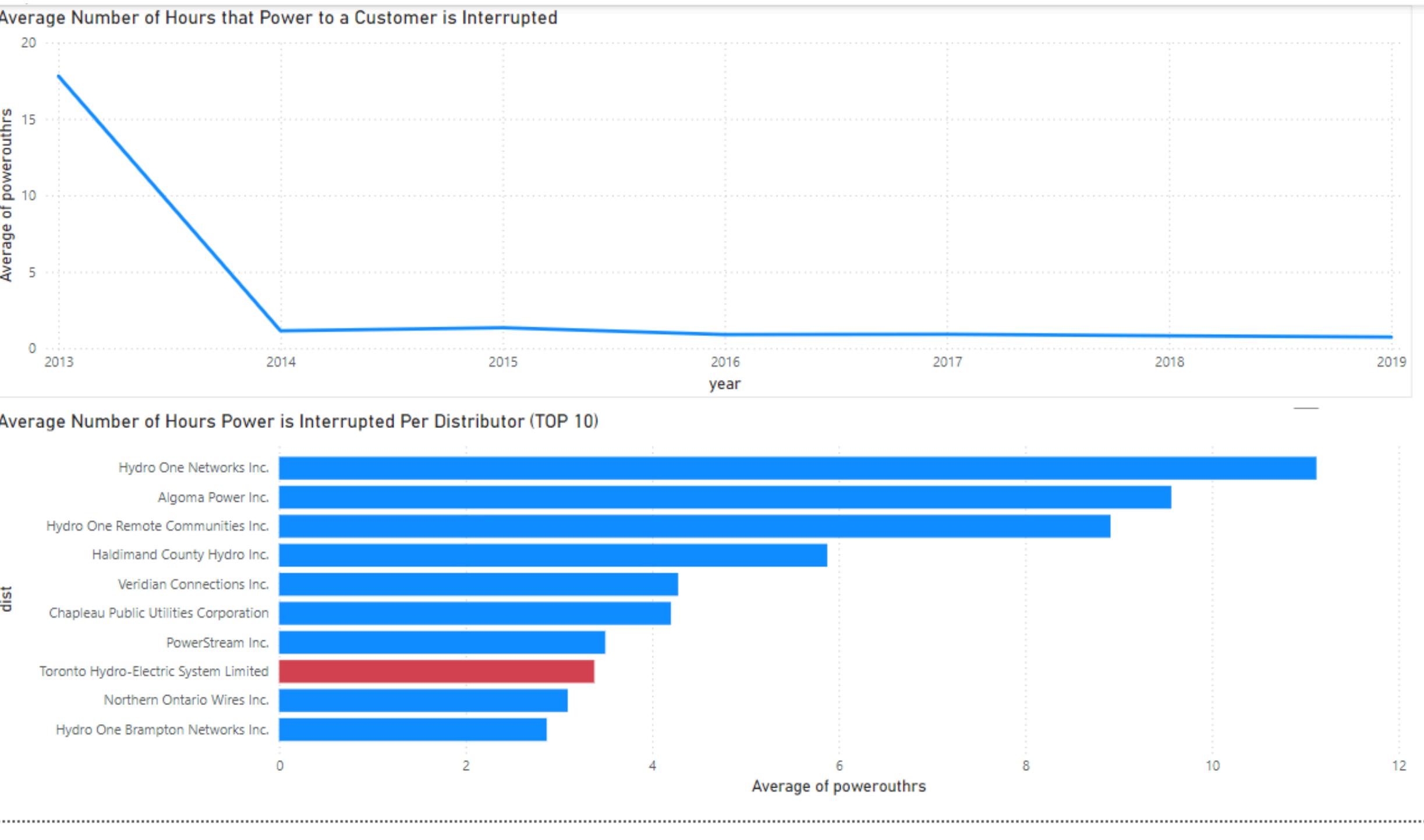
Toronto Hydro has consistently exceeded the OEB target of 65 percent for telephone calls answered on time, except for a notable **slump in 2016**. However, this level of performance falls short compared to industry competitors, who have consistently achieved a perfect score of **100 percent** over the years, as highlighted in the bar chart. Toronto Hydro should ultimately seek to achieve same for a provider its size in the long term. Given the slump from **80 percent to 75 percent** within a year from 2018 to 2019, it is possible to at least reach the 2019 target within a year and our anticipated stretch target of **85 percent**. Given the trend of **historical spikes after low performances** (e.g. 2016-2017), the 85 percent target is highly feasible.



KPI

Power Outage Hours

Toronto Hydro rates among the worst 10 performers in this score metric averaging over 3 and a half hours of power outages a year. The trend has improved drastically in recent years, with 2019 figure as low as 0.73 hours of interruption. While this is encouraging this has to be improved further especially as top 5 performers are averaging under 0.4 hours. Given the historical rates of reduction a further 10 percent (0.65 hours) target reduction in a year is feasible.



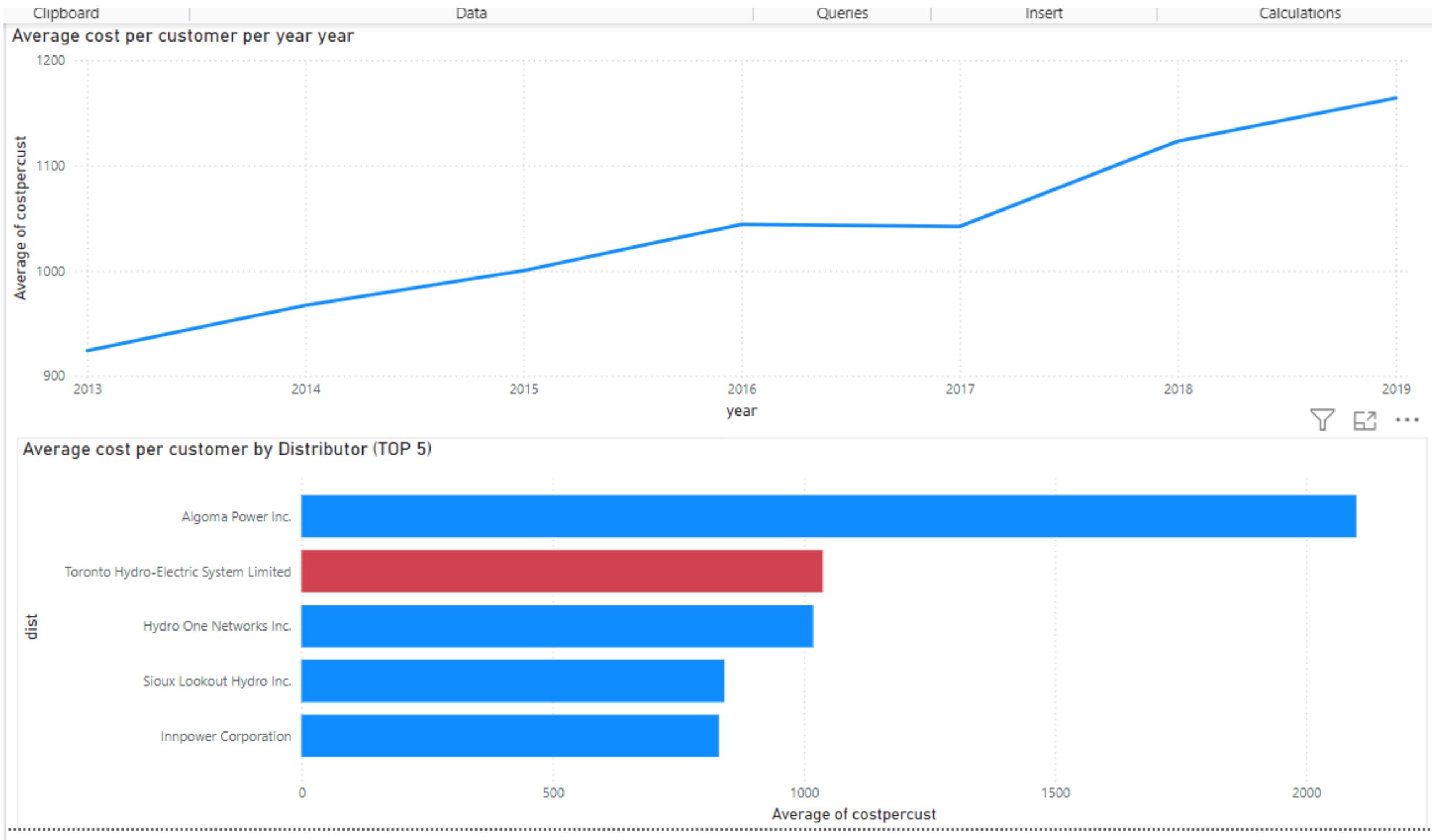
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Cost per customer



Toronto Hydro's operational Cost per customer has seen steady increase year on year, **averaging the second worst performance** over the period. Our target is a **5 percent reduction each year over the next three years**. The target of 5 percent is chosen based on the average rate of increase in the two years prior (about 5.8 percent). The 3 year timeline allows for streamlined procurement, enhanced operational efficiency, and smart investments in renewable technologies, while not drastically reducing service quality delivery while reducing cost. The 15 percent cost reduction target will be feasible over the next three years without operational challenges.



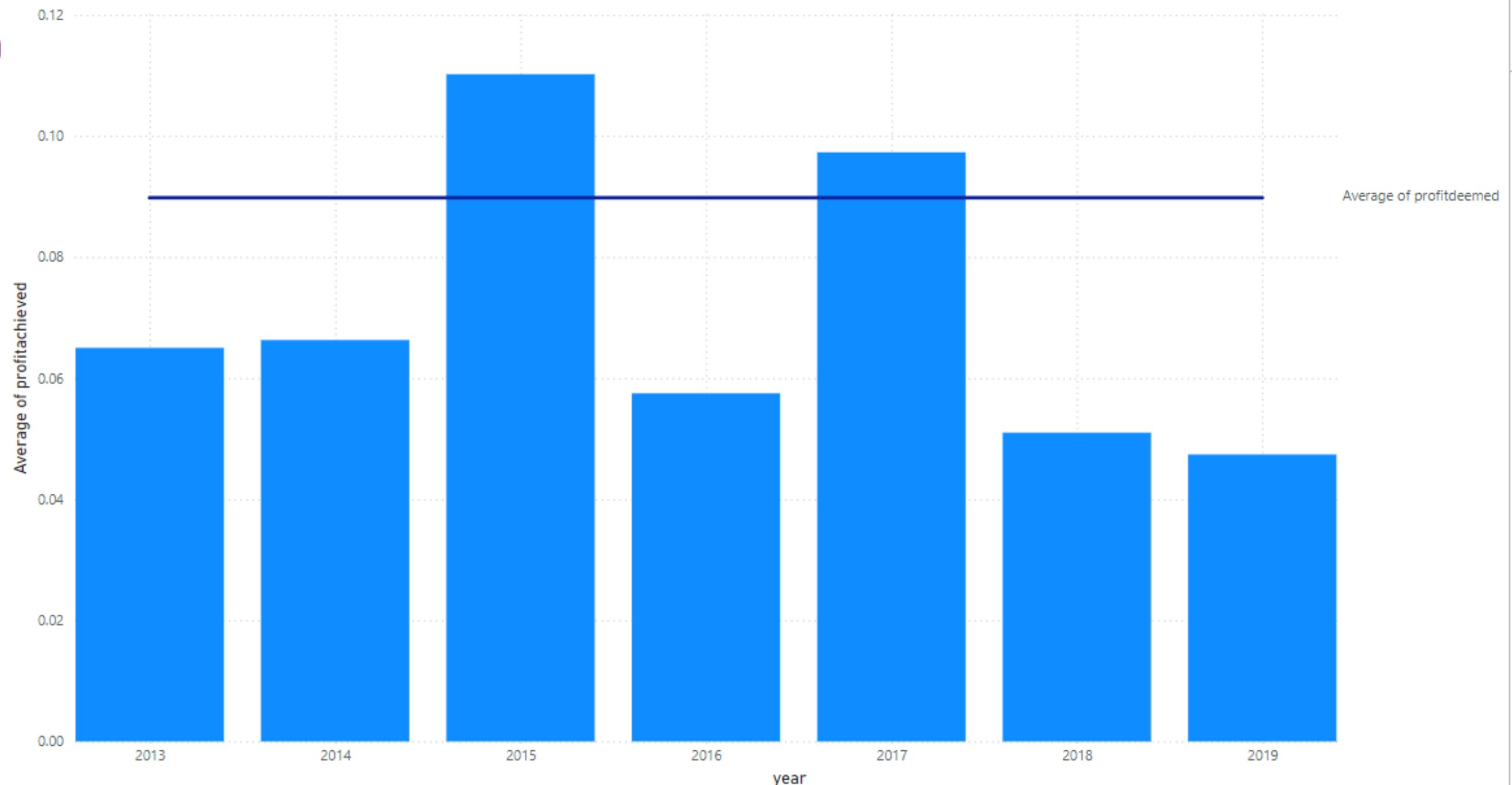
Regulated Profitability



Toronto Hydro falls short of regulated profitability benchmark in most years, only managing to exceed the profit-deemed target twice. To enable them reach and exceed this target again, we set a 100 percent benchmark to be archived within the next two years. This target is based on how steep a recovery or decline takes place year on year usually by 50 percent (e.g. 2019-2017). Within 2 years, the target could be exceeded in much the same rate as the drastic 50 percent dip from 2017 to 2019.

Average of profitachieved and Average of profitdeemed by year

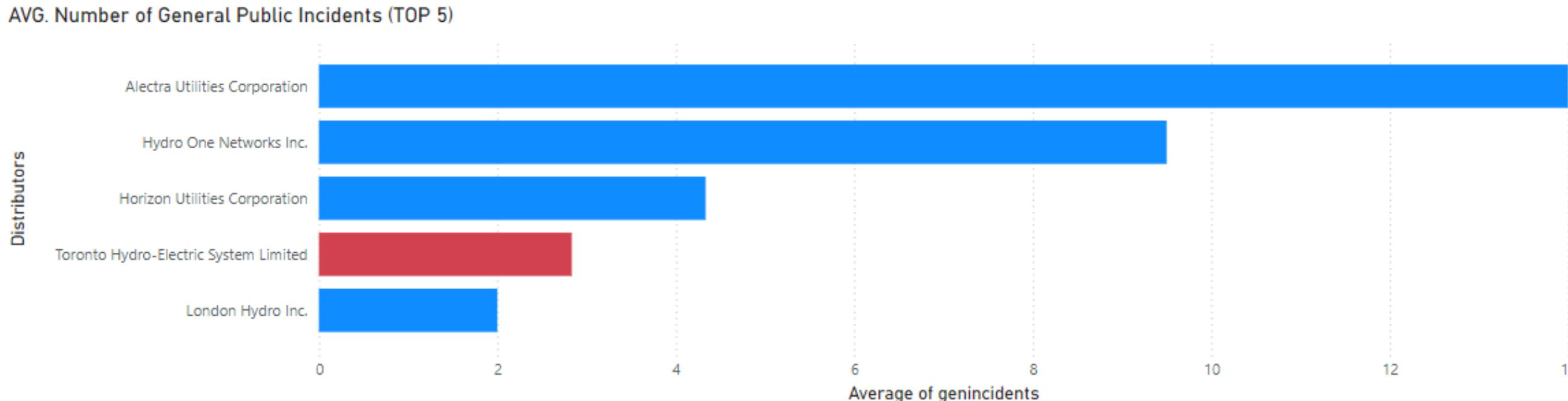
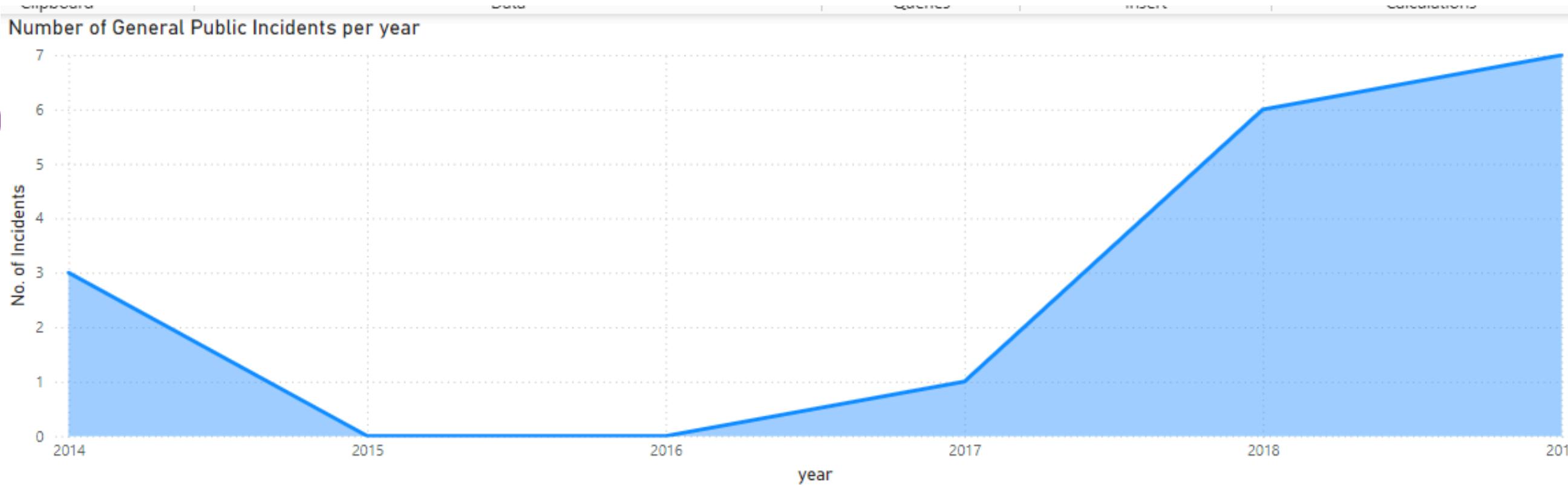
● Average of profitachieved ● Average of profitdeemed



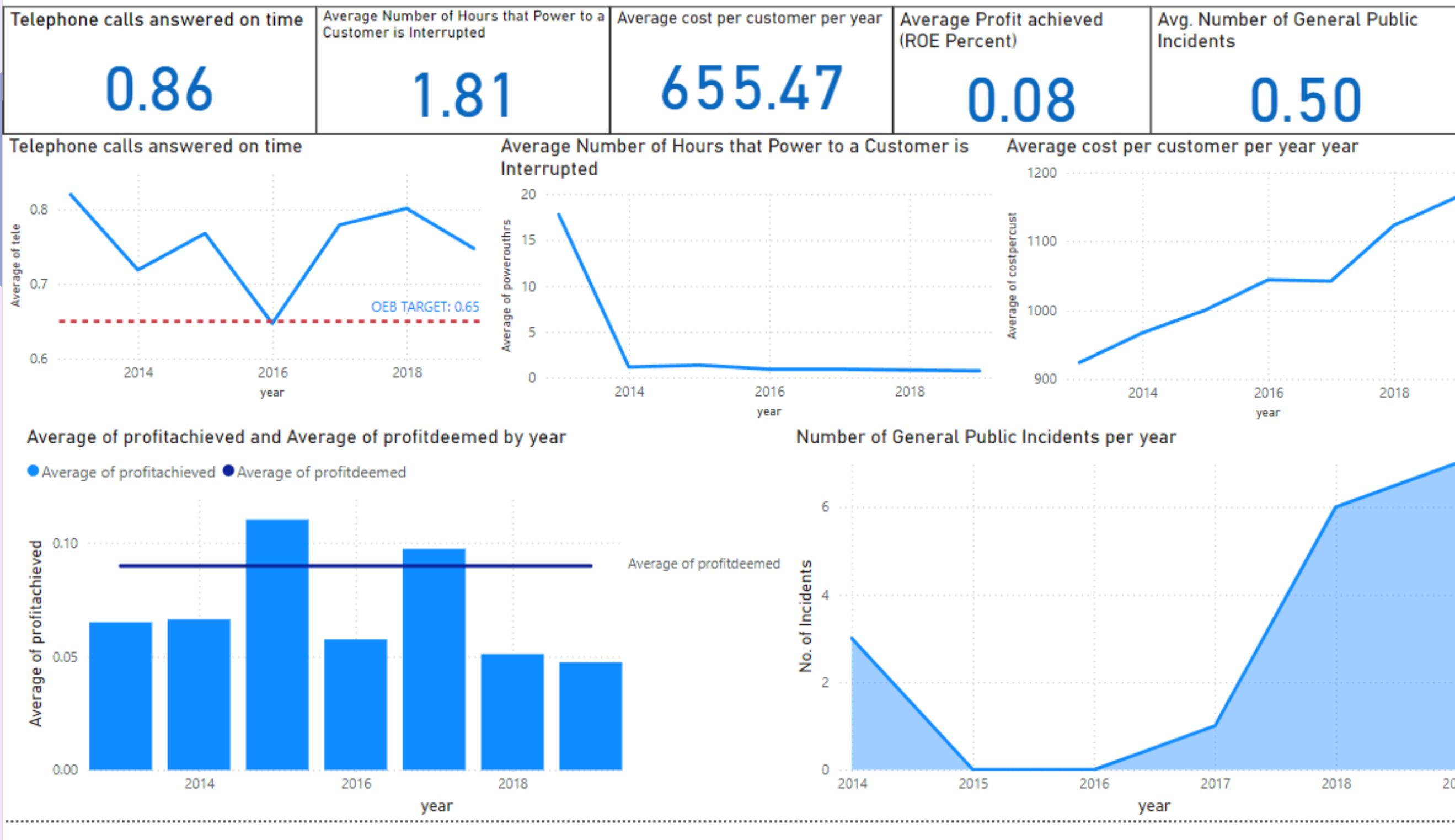
General Public Incidents



Again Toronto Hydro is among the worst 5 performers in this performance metric averaging almost 3 incidents a year. More alarmingly, the incident rate has been on the rise since 2016 with 2019 recording 7 incidents. The target is to **reduce these incidents by half in two years**. The two year gap is a reasonable timeline to allow for measures such as awareness campaigns to take effect. It is intended to reduce incidents by about three in 2 years, around the same average incident increase rates 2 year prior.



PERFORMANCE DASHBOARD



Strategic Recommendations



- **Optimize Call Center Operations**

Implement advanced call-routing and self-service technologies, increase staffing during peak hours, and provide targeted training to improve call handling efficiency. This will help achieve the 85% call response target within one year.

- **Invest in Smart Grid Technologies**

Deploy smart grid solutions like automated fault detection and real-time monitoring while upgrading aging infrastructure in high-outage areas. These actions will reduce outage hours per customer by 10% within one year.

- **Enhance Cost Management**

Streamline procurement processes, adopt renewable energy technologies, and conduct operational audits to identify cost-saving opportunities. This will reduce the cost per customer by 15% over the next three years.

- **Strengthen Financial Management Practices**

Align operations with regulatory profitability benchmarks through financial modeling, accountability incentives, and diversified revenue streams. These steps will achieve 100% of the benchmark within two years.

- **Implement Public Safety Programs**

Launch safety campaigns, improve safety infrastructure, and establish rapid response teams to address incidents. This will reduce general public incidents by half within two years.



Navigating Corporate Strategy

Thank You!

Start Presentation

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